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SUBJECT: NORWAY'S TUNE ON ISRAEL, THE PEACE PROCESS, AND
IRAQ: NEW OPPORTUNITIES?

Classified By: Charge d'affaires, a.i. James T. Heg, reasons 1.4 b and d

¶1. (C) Summary: On October 7, Charge Heg had a constructive discussion about overall U.S. Norway cooperation in the Middle East with senior Norwegian diplomats Jorn Gjelstad, the head of the Ministry of Foreign Affairs Middle East Section, and Special Envoy to the Middle East Jon Hanssen-Bauer. Gjelstad and Hanssen-Bauer responded positively to our Iran P5 1 demarche (reported septel), and then spent significant time describing the status of Israel-Palestine relations, the road ahead for Norway's currently fraught bilateral relationship with Israel, and Norway's next steps on expanding bilateral cooperation with Iraq. They noted that the Palestinians as represented by Palestinian Authority President Abbas, feel weakened, dispirited, and fundamentally ambivalent about re-entering negotiations. The Norwegians foresee progress on the horizon in their bilateral relationship with Israel in the wake of FM Lieberman and FM Stoere's meeting during UNGA, and they outlined the GON's plans regarding Norway's diplomatic presence in and increased spending on programs in Iraq.

¶2. (C) Summary, continued: Norway would welcome even closer policy-level coordination with the USG on Middle East policy in coming months, in hopes of working closely to support our efforts on relaunching Israeli-Palestinian negotiations and planning together for a successful AHLC ministerial afterward. Of special note, Hanssen Bauer believes that the Palestinians are being ill-served by murmurs from voices in the Arab world saying they should not begin negotiations before getting some sort of tangible results from the Israelis. There should be no preconditions on either side, he said. As for Hamas, the two took pains to clarify: "We don't meet Hamas at a policy level at the moment, and when we did before, it was not to express nice ideas - it was to press for the release of Shalit and to push them toward realistic positions that could advance the Israeli-Palestinian peace process." End Summary.

NORWAY EXCITED AT THE PROSPECT OF RESUMED NEGOTIATIONS

¶3. (C) Gjelstad and Hanssen-Bauer characterized the September 22 Ad Hoc Liaison Committee (AHLC) meeting in New York as "very successful", and said they had discussed several issues directly with the team led by Special Envoy Mitchell.

Gjelstad said Norway was "very excited about the possibility of resuming negotiations." While Norway has been "encouraging the Palestinians to clear the road ahead" by working on the Fayyad plan, and trying to strengthen efforts to unite Gaza and the West Bank, partly by encouraging reconciliation between Hamas and Fatah, serious obstacles remain on both sides. The first of such "stumbling stones" in their view is settlements. "Obama's message on settlements is good," said Hanssen-Bauer. "It's harder to exercise the pressure to get the Israelis to actually do it."

PALESTINIANS DISPIRITED

14. (C) On the Palestinian side, the mood was "bleak at the moment," Hanssen-Bauer reported. The PA is "in a passive, defeatist mode." There is a perception, he said, that the U.S. and others cannot put enough pressure on the Israelis to get anything done. Disturbingly, the Palestinians are being advised by some countries in the region to not enter into negotiations unless they get something "on the ground," first, like a settlement freeze or anything else. This is leading to a fundamental ambivalence about negotiations that, the Norwegians believe, could result in the Palestinians "missing the train on what they seem not to understand is a fleeting opportunity" to restart peace talks. Hanssen-Bauer said that Norway has asked the Palestinians not to make halting settlement activity a precondition for talks. Charge Heg welcomed Norway's efforts to support the administration's objective of re-launching peace talks in the near future.

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15. (C) Perhaps reflecting the current bleak outlook among the Palestinians, the PA's strong reaction to some events at the AHLG meeting on the 22nd "shocked" Hanssen-Bauer. He mentioned their reaction to: (1) the last paragraph of the Quartet statement which referred to the roadmap steps as "confidence building measures," (2) a return to 1947 language by PM Netanyahu about a Jewish state, as of his recent Bar Ilan speech, and (3) President Obama's reference to "ending the occupation which began in 1967." Hanssen-Bauer remarked that the Palestinians' distress was somewhat baffling to him as "I don't see the U.S. as having changed positions." Hanssen-Bauer said that the current, false rumors in the anti-Abu Mazen camp smearing the PA President as having given a green light to the Gaza war have significantly damaged him. The U.S. and Norway should "consider how to aid him, and strengthen him to the point where he can lead a shift in Palestinian positions." Gjelstad offered that anything resembling a settlement freeze by Israel would be extremely helpful to Abbas and to the viability of the PA government.

16. (C) Hanssen-Bauer recently met with the Syrians, and said he perceived that the bilateral relationship between Syria and the U.S. has improved. But the Syrians are still in a "wait and see" mode, so the new receptiveness to the U.S. has not translated into any pressure on Abbas to enter negotiations.

THE NORWAY-ISRAEL RELATIONSHIP: NOT SO BAD, AND IMPROVEMENTS ON THE WAY

17. (C) Charge Heg raised the issue of frequent Norwegian and Israeli media reports of tension in the Norway-Israel relationship and asked for the GON's views on the way forward in that relationship. The Norwegians responded at length, and in some very surprising and positive ways. One key highlight was Gjelstad's point that, despite differing positions with the current GOI, there should be no doubt that "Norway is a friend of Israel." Gjelstad hinted (STRICTLY PROTECT) that it might be easier for Norway to make that clearer in coming years with the Socialist Left party's recent losses relative to the Labor party and its slightly reduced status in the governing coalition. Gjelstad had met with the Israeli

ambassador to Norway the day prior (October 6). They had discussed many issues which had become irritants in the relationship, including Norway's year-long celebration of the 150 th anniversary of the birth of Nazi sympathizer and Nobel literature prize-winner Knut Hamsun and the recent exclusion of Israeli company Elbit Systems from the Norwegian Pension Fund, which the Israelis interpreted as an act of "deliberate political will" on the part of the Norwegians. The latter idea was absolutely untrue, Gjelstad said, and he had said the same to the Israeli Ambassador. The Israelis' general feeling was that these and other recent Norwegian actions "confirm something" about a Norwegian bias against Israel, and Gjelstad said he worked hard to dispel what he characterized as an incorrect perception.

18. (C) On the positive side, Gjelstad reported that Norway and Israel hope to sign -- at a political (ie, reasonably high) level -- a memorandum of understanding on bilateral research and development sometime during November. A Norwegian delegation was going to Jerusalem in October to finalize text. He said this should help dispel a frequent Israeli complaint (which we have heard from the Israeli Embassy here) that the bilateral relationship lacks "content." In addition, he hoped that Israel's attendance at an upcoming renewable energy technology conference in Norway (possibly called WATECH) would result in new avenues of economic cooperation. They last discussed extensive trade and business research cooperation in late 2008, and the time was right to provide GON seed money and generate some real activity. Summing up, he said that "The Israelis accept disagreements with the GON at the political level, but they don't accept that the rest of the bilateral relationship should be so stunted." The Norwegian government tends to agree on that, and is now committed to expanding the tiny bilateral plate so that there is some positive substance to the day to day relationship with Israel.

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STOERE'S MEETING WITH ISRAELI FM LIEBERMAN: A POSITIVE STEP

19. (C) Contrary to negative and inaccurate "leaks" from Israeli papers, Gjelstad said that Minister Stoere's meeting with Foreign Minister Avidgor Lieberman in New York during UNGA was "an icebreaker" and "ended on a positive note." Leaks out of the Israeli press about Norwegians being expelled from the Temporary International Presence in Hebron (TIPH) are false. He said that the Norway-Israel cooperation during the AHLC in New York was very good. For example, Norway and Israel had a good and solid discussion leading up to the chair's summary at the last AHLC meeting. "We only wish that the minor irritant details did not get blown out of proportion," he lamented. Norway is trying to "de-escalate public opinion," he added, but he did not mention any particular measures taken by the GON in this respect vis a vis Norwegian media.

HANSSEN-BAUER'S ABORTED MEETING WITH THE ISRAELIS

110. (C) Speaking about the Israelis' recent cancellation of two of his meetings in Israel in response to his meeting with exiled Hamas leader Khaled Meshaal on a prior, separate trip to the region, Hanssen-Bauer said that this, too, had in his opinion been blown completely out of proportion. He had not come to Israel directly from that meeting in Damascus, as the Israeli MFA had incorrectly alleged. Moreover, Gjelstad and Hanssen-Bauer reiterated that Norway "does not support Hamas," saying that there are "no hidden agendas with respect to Hamas." The Norwegians try to keep their contact with Hamas low key, and at the moment are not meeting Hamas at a policy level in any case. The two officials characterized Norway's communication with Hamas as part of a larger Norwegian policy to always speak with everybody, including the bad guys. The Israelis had actually welcomed such talks

in the past, Hanssen Bauer added, since the Norwegians consistently recommended Hamas interlocutors take a moderate and constructive line and that they release corporal Shalit, among other things.

¶11. (C) The Norwegians strongly believe that they are "not doing anything different now" than they have in the past. At the same time, they were belatedly realizing that there is a "heightened sensitivity" in Israel these days to these kinds of meetings and talks. "We will have to adjust our strategy" said Hanssen-Bauer, while commenting that the Israelis "changed their policy (toward Norway's contacts with Hamas) without notifying us beforehand; now that they clarified their position to us directly, we'll adjust accordingly."

¶12. (C) Stating that he wanted the information to be treated "very sensitively," Hanssen-Bauer stated that "Hamas has been misled by some European governments in recent weeks to think that the Quartet principles (relating to contact with Hamas) were about to be dropped." Hanssen-Bauer said he had tried to disabuse Hamas of this notion, and Hamas saw during the recent Quartet meeting that they were wrong.

UPDATE ON COOPERATION WITH AND ASSISTANCE TO IRAQ

¶13. (C) Asked for an update on Oil for Development and other assistance to Iraq, Gjelstad said the Norwegian oil giants Statoil and Hydro (before their merger) had contributed technical expertise to the Iraqis which was highly appreciated. The GON had now moved on to assistance with good governance and anticorruption, but there was continuing cooperation on the "hardcore technical" aspects of helping Iraq develop its energy sector. The GON intends to continue to contribute to this cooperation until 2013, and at the present time the cooperation is already operating on money which is 50% from the Iraqi side and 50% from the Norwegian side. Gjelstad said this represented a partnership which would, in some ways, serve as a basis for the bilateral relationship. The person overseeing technical cooperation and setting up meetings with the Iraqis is Petter Nore, Section

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Head, Energy Section, NORAD (Norwegian Agency for International Development).

¶14. (C) Gjelstad said that the GON was currently receiving information from the government of Iraq on what kinds of further cooperation might be desired. In another aspect of cooperation, the MFA has invited ten to fifteen young Iraqi diplomats to Norway for training. Gjelstad said that Norway's aim is to have a "normal, permanent" Norwegian embassy in Iraq by 2013.

¶15. (C) Gjelstad said that there had been a "divide" within the GON in past years about how much to get involved in Iraq. Now, he said, there was a "dramatic increase in attention." This was also a manifestation of a new reality within the MFA, the "regional budget line" allocated to the Middle East had previously been allocated entirely to Palestinian institution building. The intention, going forward, is to use this money for the entire middle east region.

CLOSER NORWEGIAN - U.S. COOPERATION DESIRED IN WASHINGTON

¶16. (C) Both Hanssen-Bauer and Gjelstad emphasized that they had excellent cooperation with all levels in NEA and with U.S. embassies throughout the region. The Norwegians would like to have more frequent discussions on all of the Middle East policy issues covered today at the senior official level in Washington. They specifically proposed that a broad Norwegian delegation meet with U.S. officials in Washington, which GON MFA Political Director Vegard Ellefsen would head. They will contact the Department through their mission in Washington to explore details.

¶17. (C) COMMENT: In view of past differences and the very public acrimony between Israel and Norway played out in (and played up by) the media in both countries, we were pleasantly surprised by the singularly positive and constructive tone of our discussions with these officials on the Middle East peace process, Iran (septel), Israel, and Iraq. Charge Heg heard in a separate meeting with Pol Dir Ellefsen later on October 7 (to be reported septel) that when FM Stoere recently returned from UNGA, he told senior MFA staff to begin developing plans for even more close-knit cooperation by Norway with the Obama and Clinton administration on every issue of importance to both countries. As the USG attempts to relaunch peace talks and continue to stabilize the PA politically and economically, now might be an opportune time for Washington to seize upon Norway's idea for a policy level exchange of views between State and the MFA - to explore how Oslo can more pro-actively help us achieve our goals on all things Middle East. We will not have common positions on all issues, but it is impossible not to hear their message that they would like to align ever closer with us where that is possible. September elections here strengthened PM Stoltenberg's and FM Stoere's Labor Party vis a vis its more left wing coalition partner SV. The Norwegian officials' offer is a very early indication that this slight electoral shift might help Norway help us more often.
HEG